

**RULES
OF
THE TENNESSEE DEPARTMENT OF FINANCIAL INSTITUTIONS**

**CHAPTER 0180-9
PERTAINING TO STATE-CHARTERED CREDIT UNIONS**

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0180-9-1-.01. DISCLOSURE REQUIRED IN BORROWING TRANSACTIONS OF STATE-CHARTERED CREDIT UNIONS.

- (1) Any state-chartered credit union borrowing funds from an individual who is not a member of the credit union shall make the following disclosure in bold face type on the face of the instrument evidencing the borrowing:

THIS OBLIGATION IS NOT A DEPOSIT, SHARE, OR SPECIAL ACCOUNT IN THE CREDIT UNION AND IS NOT INSURED BY THE STATE CREDIT UNION SHARE INSURANCE CORPORATION OR THE NATIONAL CREDIT UNION ADMINISTRATION.

- (2) The foregoing disclosure does not exclude the dissemination of additional information by the credit union in connection with the borrowing transaction; however, any such additional disclosure shall not be in violation of the anti-fraud provisions of state and federal law, T.C.A. § 48-2-101 et seq. and Rule 10b-5 (17 CFR 240. 10b-5), as now or hereafter amended.
- (3) The provisions of this Rule shall apply to all instruments evidencing a borrowing from a non-member individual issued after the effective date of this Rule.

Authority: T.C.A. §§ 45-4-1001 and 45-4-502. **Administrative History:** Original rule filed April 29, 1980; effective July 29, 1980.

0180-9-1-.02. PROCEDURE FOR PURCHASE OF REAL PROPERTY; FIXED ASSET GUIDELINES.

- (1) For the purpose of this rule, the term “fixed assets” means premises and furniture, fixtures and equipment as defined herein. Premises includes real property with any improvements where the state-chartered credit union transacts business. Furniture, fixtures and equipment includes all office furnishings (e.g. tables, chairs, desks, file cabinets, curtains, drapes, rugs, etc.) office machines, word processing equipment, computer hardware and software, automated terminals, heating and cooling equipment. The term “contract for the purchase of fixed assets” includes a contract to purchase real property, a contract to build upon or to improve real property, a lease transferring ownership to the credit union at the end of the lease term or containing a bargain purchase option, or a lease in which the total value of the payments during the lease term equals ninety percent (90%) of the fair market value of the property at the inception of the lease term.
- (2) No state-chartered credit union, without the prior approval of the commissioner, shall purchase fixed assets or enter into a contract for the purchase of fixed assets if the aggregate of all such investments exceeds five percent of assets.
- (3) A state chartered credit union shall submit such statements and reports as the commissioner may, in his discretion, require in support of any investment in fixed assets which will cause the aggregate of such

(Rule 0180-1-.02, continued)

investments held by the credit union to be in excess of the limit stated above. Such reports and statements shall include but not be limited to:

- (a) A description of the proposal in terms of cost, usage, location and method of financing; and
- (b) Current and past financial data of the credit union.

Authority: T.C.A. § 45-4-1001. **Administrative History:** Original rule filed August 4, 1981; effective November 30, 1981. Amendment filed February 8, 1990; effective May 29, 1990.

0180-9-1-.03. BRANCHING; DEFINITION.

- (1) Upon written notice to the commissioner of financial institutions, any state-chartered credit union may open and maintain within the state, in any locality in which a portion of its actual or potential membership is employed or resides, one or more branches; provided, however that the commissioner may object to such branch if in his discretion he ascertains that the establishing of a branch will jeopardize the safety and soundness of the credit union. If the commissioner has not objected within thirty (30) days of the notice, the branch shall be deemed approved.
- (2) A “branch” includes any office, agency, or place of business at which member accounts are established or money is lent, except that such definition shall not include automatic teller machines which are operated on a shared basis with another financial institution or institutions.

Authority: T.C.A. §§ 45-4-501 and 45-4-1001. **Administrative History:** Original rule filed July 24, 1984; effective October 14, 1984.

0180-9-1-.04. INTERSTATE BRANCHING OF STATE-CHARTERED CREDIT UNIONS.

- (1) Subject to the prior written approval of the commissioner of financial institutions and to the provisions of this Chapter and to the approval of the appropriate regulatory authority of the foreign state, a state-chartered credit union may establish a branch or branches in states where reciprocal recognition and authority are given to credit unions chartered in Tennessee.

Authority: T.C.A. §§ 45-4-501 and 45-4-1001. **Administrative History:** Original rule filed July 24, 1984; effective October 14, 1984.

0180-9-1-.05. BROKERED DEPOSITS.

- (1) For the purpose of this rule the term “deposit broker” means any person engaged in the business of:
 - (a) placing or facilitating the placement of funds of third parties with insured financial institutions, or
 - (b) placing funds with insured financial institutions for the purpose of selling interests in the deposits to third parties.
- (2) From and after the effective date of this rule, a state-chartered credit union which invests credit union funds in a certificate of deposit in an insured financial institution shall hold such certificate of deposit in the name of the credit union. In no event shall such certificate of deposit held by the depository financial institution be in the name of a deposit broker.

Authority: T.C.A. §§ 45-4-501 (3) and 45-4-1001. **Administrative History:** Original rule filed October 28, 1985; effective January 14, 1986.R